UNITED STATES DEPARTMENT OF

AGRICULTURE

PROSPECTS IN THE GLOBAL SAUCES AND CONDIMENTS MARKET

COMMODITY AND MARKETING PROGRAMS – AGEXPORT SERVICES DIVISION
INTERNATIONAL STRATEGIC MARKETING GROUP
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Executive Summary

Global sauce and condiment retail sales were measured at $34.9 million in 2004, nine percent growth from 2003, according to Euromonitor. World sauce and condiment trade grew consistently from 1999 to 2004 with sauces providing more growth than condiments in terms of percentage, 20 percent, and value, $419.7 million.

The global sauce and condiment market is highly fragmented, with no manufacturer accounting for more than 11 percent of total industry sales. Major sauce and condiment producing countries include the United States, Italy, Germany, Japan, the United Kingdom and China/Hong Kong. Major commodity raw ingredients for sauce and condiment products are soy and tomatoes. Production trends include new packaging designs, alternative flavors and non-traditional product make-up.

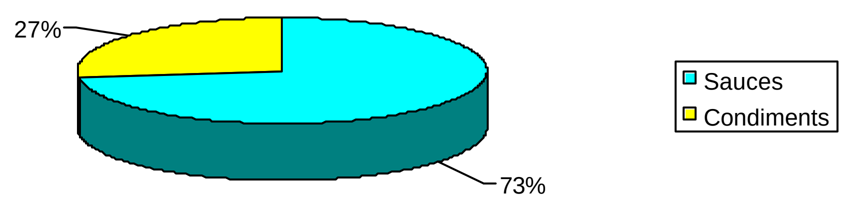
FAS forecasts global sauce and condiment trade to be $4.9 billion in 2005, based upon 2004 data from 53 countries reported to Global Trade Atlas. U.S. imports represent 13 percent of global trade by value, a share that has increased slightly from 1999 numbers. In 2004, U.S. imports were reported to increase to $551.9 million, and exports increased to $554.4 million, based on Global Trade Atlas data. Major sources of imports are Canada, Mexico, China/Hong Kong and Japan while promising export destinations include Canada, Mexico, Japan, the United Kingdom, Saudi Arabia, and China/Hong Kong. In general, both U.S. exports and imports have increased steadily with imports growing at a more accelerated pace, despite a weakening dollar.

World Market[1]

- Sauce and condiment products have been divided into two categories. **Sauces** include sauces and preparations, mayonnaise and salad dressing. **Condiments** include soy sauce, tomato ketchup, tomato sauce and mustard.
- World sauce and condiment trade was $4.5 billion in 2004 according to Global Trade Atlas, a $498.9 million increase (13 percent) from 2003 exports. Sauce trade was $3.2 billion and condiment trade was $1.2 billion in 2004 (Figure 1), up $419.7 million (20 percent) and $79.2 million (10 percent) respectively from 2003.
- Sauces represent 73 percent of the total and condiments account for 27 percent in 2004. In 2004 sauce exports increased by 15 percent and condiment exports by 7 percent above 2003 numbers.
- According to Euromonitor, the world retail market for sauces and condiments was $34.9 billion in 2004.

Figure 1: World Sauce & Condiment Trade Categories by Sales Value, 2004

Total value: $4.5 billion



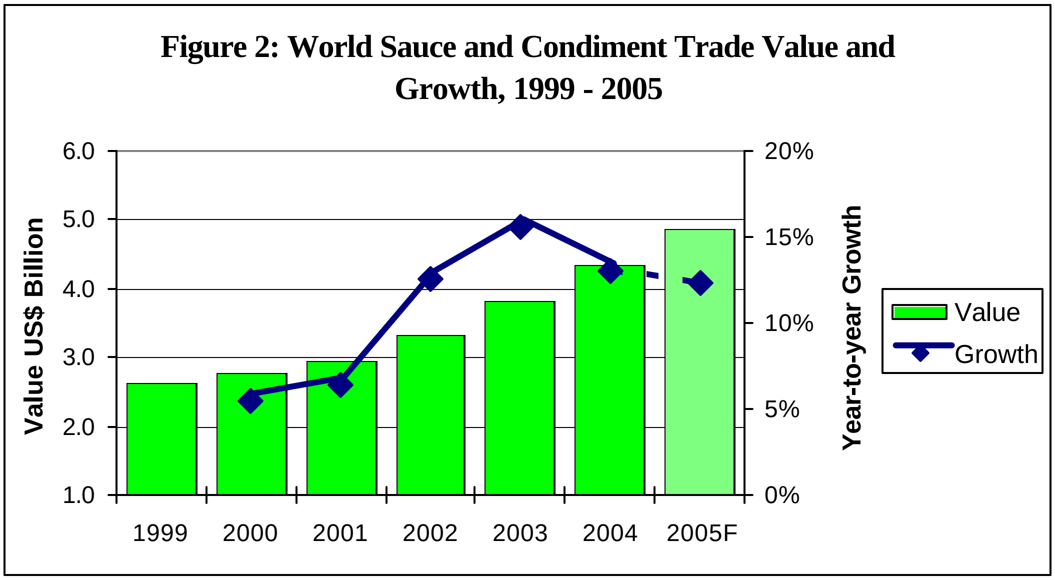
Source: Global Trade Atlas

[1] This report was compiled by James T. Davis, Processed Products Division of FAS. Additional information on individual markets (e.g. retail sector, labeling requirements, tariff information, and importer lists) is available from FAS offices overseas, or from the Processed Products Division (PPD): Telephone: (202) 720-6343, Internet: **http://www.fas.usda.gov/agx/ppd/information.htm.**

World Trade

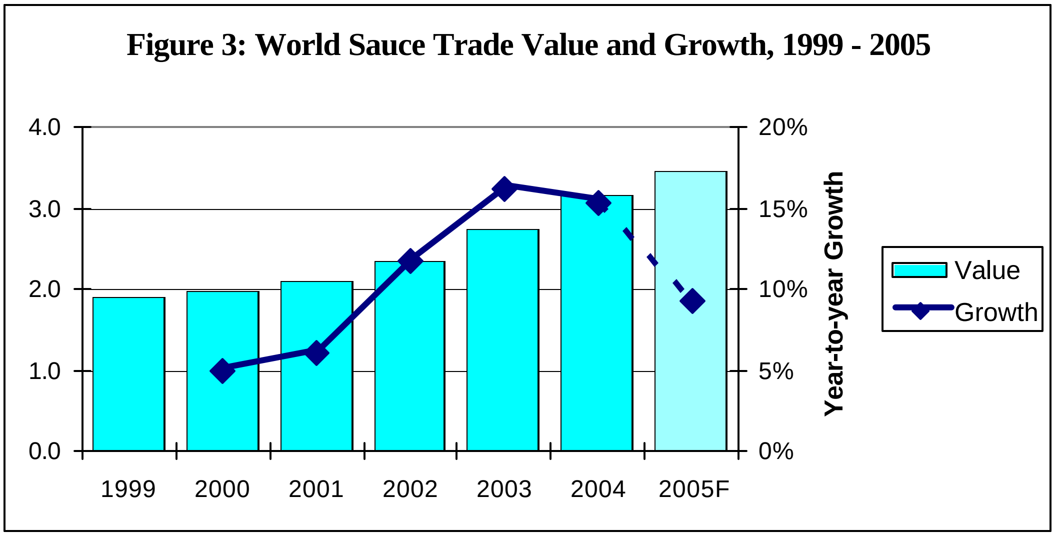
Growth trends and projections

- World trade experienced consistent growth from 1999 to 2004 with the largest overall growth coming in 2003 (16 percent). FAS forecasts the value of world sauce and condiment trade to be $4.9 billion in 2005, an increase of 12 percent from $4.3 billion in 2004.



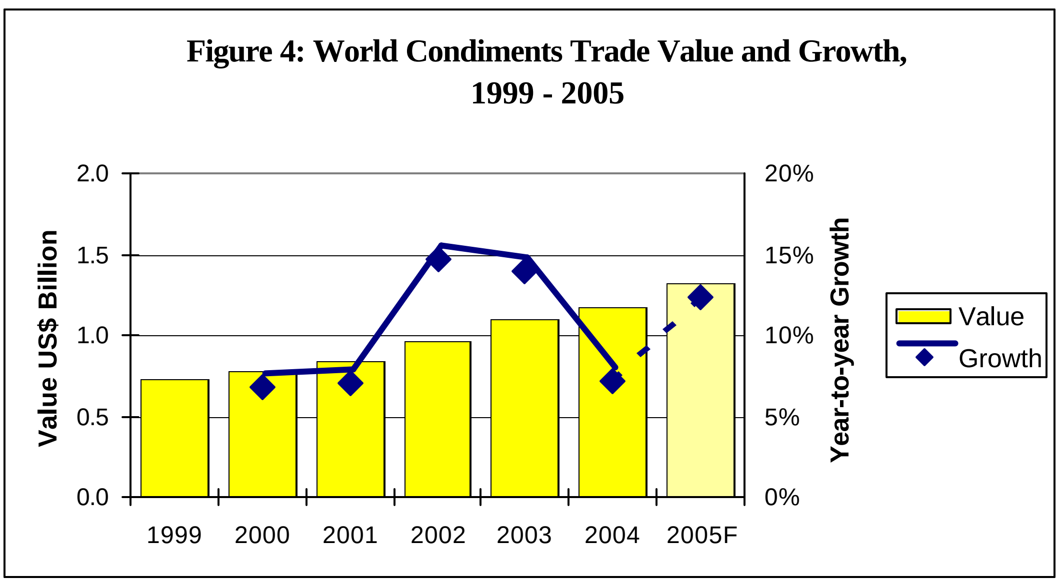
Source: Global Trade Atlas; Forecast: FAS

- Sauce exports increased consistently during the review period with an increase of 67 percent between 1999 and 2004. The largest annual growth was 16 percent in 2003 (Figure 3).



Source: Global Trade Atlas; Forecast: FAS

- Condiment exports increased consistently during the review period with an increase of 60 percent between 1999 and 2004. The largest annual growth was 15 percent in 2002 (Figure 4).

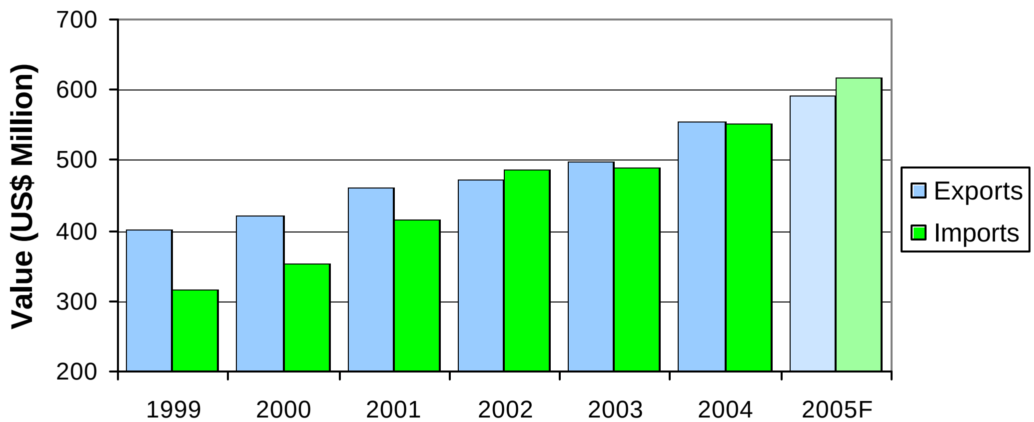


Source: Global Trade Atlas; Forecast: FAS

U.S. Market Share

- According to the U.S. Department of Commerce, the United States is a net exporter of sauces and condiments. The trade surplus has decreased from $9.7 million in 2003 to $2.5 million in 2004 (Figure 5). However, imports grew faster than exports (13 percent versus 11 percent) over the review period.

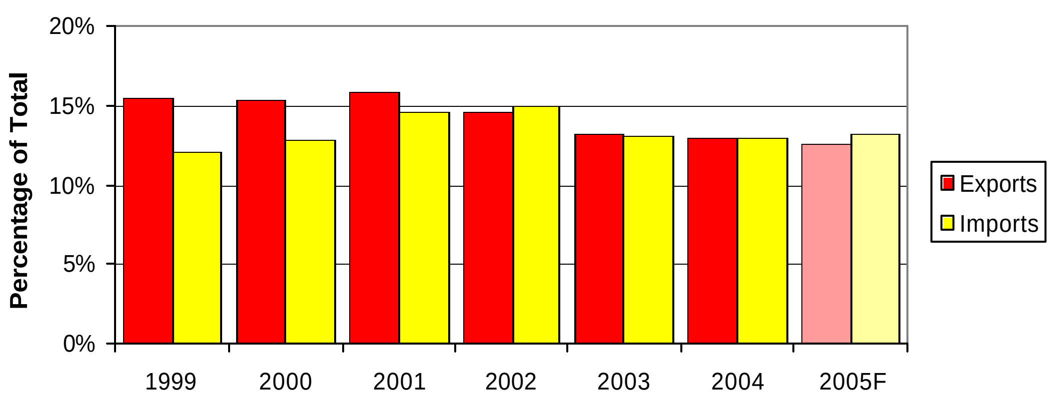
Figure 5: U.S. Sauce & Condiment Trade Value, 1999 - 2005



Source: U.S. Dept. of Commerce, forecast FAS

- U.S. exports as a share of global sauce and condiment trade have decreased slightly from its highest point (16 percent in 2001) to 13 percent in 2004 (Figure 6). U.S. manufacturers are not forecast to increase world market share in 2005 despite a weaker U.S. dollar.
- The U.S. share of world exports decreased from 15 percent in 1999 to 13 percent in 2004. The inverse is true with world imports as the U.S. share increased from 12 percent in 1999 to 13 percent in 2004. The U.S. share of both exports and imports is forecast to be 13 percent in 2005.

Figure 6: U.S. Share of World Sauce & Condiment Trade Value, 1999 - 2005



Source: Global Trade Atlas, forecast FAS

Production and Trade

- Sauce and condiment production has grown slowly in recent years. According to Euromonitor, global production by volume has been increasing by 2 and 4 percent annually to 15.3 million tons in 2004.

What countries are the key suppliers and traders

- According to Global Trade Atlas, world sauce and condiment exports were valued at $4.3 billion in 2004, 60 percent growth since 1999. The European Union (EU-25) accounted for 56 percent of exports in 2004, followed by the NAFTA countries (Canada, United States and Mexico) with 20 percent.
- The U.S. Census Bureau reported in its most recent data that the United States shipped a value of $5.6 billion in sauces and condiments in 2002.

Structure of the Industry

- The global sauce and condiment market is highly fragmented. According to Euromonitor, the company with the largest share controls no more than 11 percent of the market. No other company has more than 4 percent of the total share. The five largest companies combined have 27 percent of the market

Product Trends

Packaging

- Inverted bottles have gained popularity as utilizing the effects of gravity make them easier to use than traditional bottles.
- Nozzles now provide more control over the stream released from the bottle and limit the amount of excess dripping from the cap.
- Bottles now offer ergonomic designs that are custom designed to fit smaller hands and make handling easier.

Flavor

- Spicy yet flavorful combinations have gained notoriety as consumers look for more robust tastes to their normal sauce and condiment needs.
- The rise in popularity of ethnic cuisine has expanded the types of sauce and condiments used in recipes common to various cultures.
- Sauces and dressings now present more alternative varieties such as dried tomatoes, cinnamon, lemon grass, sesame or vanilla.

Product Make-up

- As consumers become more health conscious around the world, low-fat mayonnaise and low-fat salad dressing have begun to compete with their standard counterpart for a place in consumer diets.
- Increased health consciousness also has resulted in a growing number of organic and dietary sauce and condiment options.
- Manufacturers have been marketing to a younger target market by producing ketchup in a series of bold colors such as green, purple, blue, etc.

Competitor Analysis

Production, access/cost of raw ingredients

- According to the U.S. Census Bureau Economic Census, the number of sauce and condiment manufacturers has declined from 293 in 1997 to 261 in 2002, a negative growth of 12 percent.
- The total value of shipments of sauces and condiments has also seen a negative growth of 3 percent, decreasing from $5.8 billion to $5.6 billion. (These values are not retail values).
- EU imports of soybean products, commodities in which the United States has comparative advantages, were curtailed as a result of concerns regarding biotech ingredients. This situation directly affects the amount of soy sauce exported to the region as well as other products that contain soy ingredients or by-products derived from soy for flavoring.
- According to Europa, the portal site of the European Union, pre-packaged products entering the EU containing or consisting of biotech materials are required to state on a label that they contain biotech ingredients. Products derived from biotech ingredients, regardless of the present detectability of biotech materials must also be labeled as biotech. This labeling requirement could negatively affect the sales of sauce and condiment exports as biotech products have questionable popularity in the EU.
- Foreign manufacturers face strict import regulations and complex relationships with retailers when attempting to enter the Japanese market. Foreign brands that have found success have done so through relationships with Japanese companies. For example, Kikkoman owns the marketing rights to Del Monte in Japan.
- China became a member of the WTO in November 2001. This affiliation has resulted in lower import duties, reduced raw material costs and increased foreign imports. Reducing control over foreign-funded enterprises has allowed foreign manufacturers to enter the market and existing multinationals to expand their operations previously established within the country.
- According to World Bank research[2], the European Union allots a portion of its budget to aid producers who grow crops for processing, including tomatoes. This situation is a competitive advantage for the EU as the United States does not offer such subsidy programs to tomato farmers.

Quality/availability/price positions of competitor

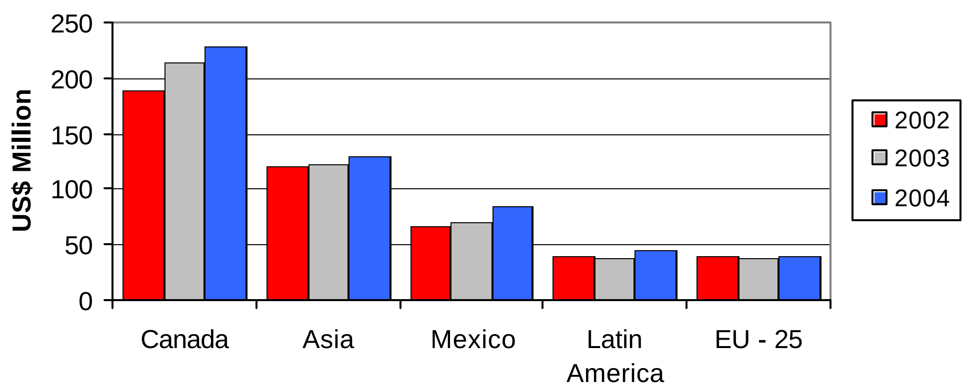
- Euromonitor reports that the continuing trend towards more expensive products in major markets like Poland, Russia and Ukraine has caused positive growth rate forecasts for Eastern Europe. As a result, manufacturers in these markets are expected to expand product ranges across economy and premium segments as well as launch new products.

[2] World Bank, "Fruits and Vegetables: Global Trade and Competition in Fresh and Processed Product Markets" by Ndiame Diop and Steven M. Jaffee

Profile of Top U.S. Export Markets

- Canada, Asia and Mexico are the major destinations for U.S. sauce and condiment exports (Figure 7).
- The value of sauce and condiment exports to NAFTA countries accounted for 56 percent of the U.S. total to all destinations in 2004.

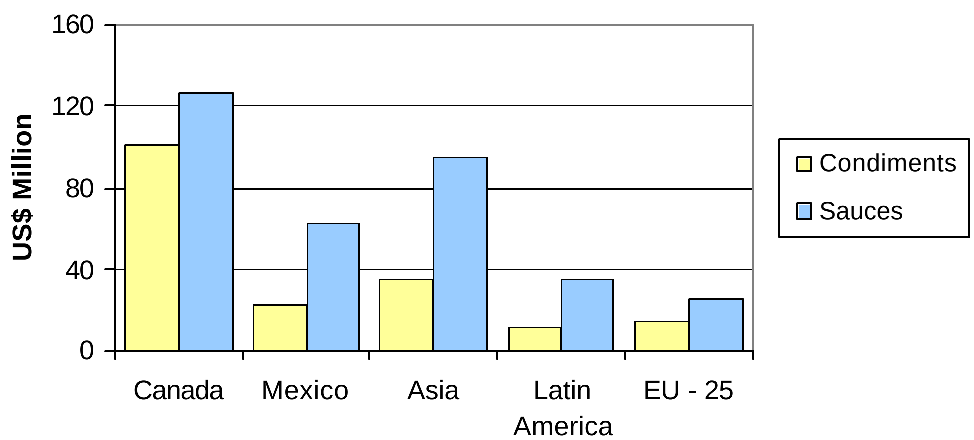
Figure 7: U.S. Sauce & Condiment Export Sales Value by Destination, 2002 - 2004



Source: Global Trade Atlas

- U.S. sauce exports were consistently larger than U.S. condiment exports in most markets (Figure 8).
- A significant amount of condiments were sold to Canada in 2004 (Figure 8).

Figure 8: U.S. Sauce and Condiment Export Sales Value by Destination and Category, 2004



Source: Global Trade Atlas

Top Markets

Some of the top markets for the U.S. sauce and condiment exporters are listed below.

- Canada
- Mexico
- Japan
- Saudi Arabia
- United Kingdom
- China/Hong Kong

Note about Trade Data

- Import data for top markets cited in the following section is compiled in the Global Trade Atlas, as reported by the importing country. Please note that the value and quantity of U.S. exports to various destinations, as reported by United States Customs, can vary significantly from the value and quantity of imports from the United States reported by customs agencies and various destinations. Reasons include time lag, transshipments to subsequent destinations, currency valuations and other differences in reporting.

- In the following section, import data compiled by the reporting country is used instead of the U.S. Customs data that imports from the United States can be put in context with imports reported from all other countries.

Canada

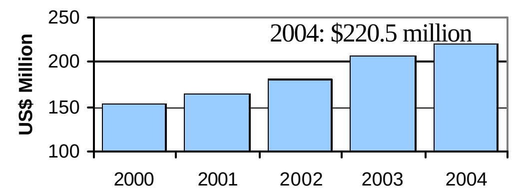
Market size, growth trends

- According to Euromonitor, the retail market for sauces and condiments in Canada was $937.3 million in 2004, up $104.1 million from the previous year.
- According to Global Trade Atlas, Canadian sauce and condiment imports were valued at $260.8 million in 2004, an increase of 9 percent from 2003.
- The sauces category accounted for 58 percent of Canadian sauce and condiment imports in 2004.

Key international suppliers to the market - U.S. position

- The United States is Canada's largest supplier of sauces and condiments, accounting for 85 percent of the import value in 2004 (Figure 9).
- Canada imported $122.6 million in sauces and $97.7 million in condiments from the United States in 2004 according to Global Trade Atlas.

Figure 9: Canada Sauce & Condiment Imports from the United States, 2000 - 2004



Source: GTA

Product Preferences - quality, packaging, price segmentation

- Euromonitor predicts that low-fat salad dressing sales will grow strongly as a result of positive consumer attitudes about the benefits of low-fat foods and the increasing popularity of packaged salads.
- The continued popularity of pasta sauces has been directly attributed to consumer opinion about the health benefits associated with pasta and heightened health consciousness nationwide.

Key distribution segments for the product

- According to Euromonitor, most Canadian sauces and condiments, 79 percent, are sold through super- and hypermarkets, 10 percent are sold through independent food stores and the remaining sales are through convenience stores and wholesalers.

Key regulatory and tariff requirements (tariff rates, labeling, registration)

- The North American Free Trade Agreement has eliminated tariffs on U.S. sauce and condiment products exported to Canada.
- Products sold in Canada must be labeled in English and French.

What emerging market opportunities?

- The increased level of U.S. interest in Mexican and Latin foods and cultures has expanded to Canada, generating more consumer interest in spicier foods.
- FAS post in Ottowa reports that limited time availability in dual income and single parent household has lead to increased demand for convenience foods such as sauces and condiments.

Mexico

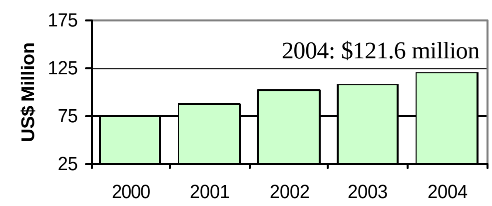
Market size, growth trends

- According to Euromonitor, the retail market for sauces and condiments in Mexico was $716.8 million in 2004, up $69.6 million from the previous year.
- According to Global Trade Atlas, Mexican sauce and condiment imports were valued at $129 million in 2004, an increase of 13 percent from 2003.
- The sauces category accounted for 72 percent of Mexican sauce and condiment imports in 2004.

Key international suppliers to the market - U.S. position

- The United States is Mexico's largest supplier of sauces and condiments, accounting for 94 percent of the value in 2004 (Figure 10).
- Mexico imported $87.8 million in sauces and $33.8 million in condiments from the United States in 2004 according to Global Trade Atlas.

Figure 10: Mexico Sauce & Condiment Imports from United States, 2000 - 2004



Source: GTA

Product Preferences - quality, packaging, price segmentation

- Euromonitor reports that during 2004, soy based sauces grew by 10 percent in both value and volume because Mexican people are eating more Asian cuisine, mainly Japanese and Chinese food.
- There is efficient price competition between fresh and prepared sauces and condiments. As the cost of fresh tomatoes in supermarkets and street vendors increased, the lower-priced packaged pasta and tomato sauce became even more appealing economically than their fresh counterparts.

Key distribution segments for the product

- According to Euromonitor, most Mexican sauces and condiments, 60 percent, are sold through super- and hypermarkets, 29 percent are sold through independent food stores and the remaining sales are through convenience stores, gas stations and other various locations.

Key regulatory and tariff requirements (tariff rates, labeling, registration)

- The North American Free Trade Agreement has eliminated tariffs on U.S. sauce and condiment products exported to Mexico.

What emerging market opportunities?

- Companies are choosing to address specific consumer needs with niche products. Mayonnaise, soy sauce and salad dressing can offer different ingredient combinations with varying amounts of ingredients such as salt, fat and sugar.
- Most sauces and condiments are not required for the preparation of Mexican meals but consumers commonly purchase these products because of their convenience.

Japan

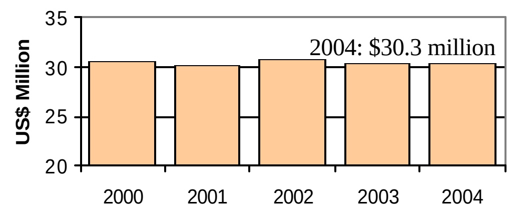
Market size, growth trends

- According to Euromonitor, the retail market for sauces and condiments in Japan was $9.7 billion in 2004, up $803.4 million from the previous year.
- According to Global Trade Atlas Japanese sauce and condiment imports were valued at $185.4 million in 2004, an increase of 14 percent from 2003.
- The sauces category accounted for 92 percent of Japanese sauce and condiment imports in 2004.

Key international suppliers to the market - U.S. position

- In 2004, the United States was Japan's second largest supplier of sauces and condiments (Figure 11) behind New Zealand. Other major suppliers were Thailand and Australia.
- Japan imported $24.6 million in sauces and $5.7 million in condiments from the United States in 2004 according to Global Trade Atlas.

Figure 11: Japan Sauce & Condiment Imports from United States, 2000 - 2004



Source: GTA

Product Preferences - quality, packaging, price segmentation

- According to Euromonitor, manufacturers and retailers have lowered their prices to the lowest possible point in order to remain competitive.
- Japanese pasta sauces are widely available in retort pouches, which are flexible, airtight packages that can be used for long-term, unrefrigerated storage.

Key distribution segments for the product

- According to Euromonitor, most Japanese sauces and condiments, 81 percent, are sold through super- and hypermarkets. The remaining sales are mainly through independent food stores and convenience stores.

Key regulatory and tariff requirements (tariff rates, labeling, registration)

- Sauce and condiment imports are subject to an *ad valorem* tariff to give an effective bound rate of duty of 7 to 22 percent depending on the product category.
- The Ministry of Health, Labor and Welfare (MHLW) deems nutritional labeling voluntary but requires that any information provided follow MHLW labeling guidelines. The Ministry of Agriculture, Forestry and Fisheries (MAFF) also imposes quality labeling standards through the Standardized Quality Labeling System of the Japan Agricultural Standards (JAS) Law.

What emerging market opportunities?

- Euromonitor reports that manufacturers will continue offer higher priced products with a premium image to shift consumer preferences towards higher quality offerings.
- Consumers will also be willing to pay for the convenience offered by pasta sauces despite rising unit prices.

Saudi Arabia

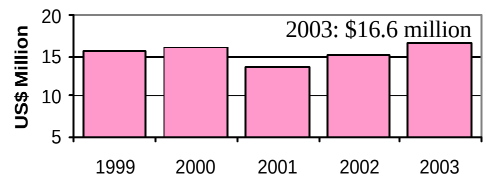
Market size, growth trends

- According to Euromonitor, the retail market for sauces and condiments in Saudi Arabia was $90 million in 2004, up $4.6 million from the previous year.
- According to the UN Trade database Saudi Arabia's sauce and condiment imports were valued at $44.7 million in 2003, an increase of 20 percent from 2002.
- The sauces category accounted for 55 percent of Saudi Arabian sauce and condiment imports in 2003, the most recent year for which import statistics were reported.

Key international suppliers to the market - U.S. position

- The United States was Saudi Arabia's largest supplier in 2003 with exports valued at $16.6 million (Figure 12). Sauces accounted for 89 percent of U.S. sauce and condiment exports.
- Saudi Arabia imported $14.7 million in sauces and $1.9 million in condiments from the United States in 2003 according to the UN Trade database.

Figure 12: Saudia Arabia Sauce & Condiment Imports from United States, 1999 - 2003



Source: UN Trade database

Product Preferences - quality, packaging, price segmentation

- The increased popularity of fast food outlets and the westernization of the Saudi lifestyle have driven the growth of ketchup and mayonnaise.
- Low-fat salad dressing and mayonnaise are unpopular among Saudis and are mainly consumed by the small population of American and European immigrants.

Key distribution segments for the product

- According to Euromonitor, 42 percent of Saudi sauces and condiments are sold through independent food stores, 35 percent through super- and hypermarkets and the remaining sales are mainly through convenience stores and Internet sales.

Key regulatory and tariff requirements (tariff rates, labeling, registration)

- Saudi Arabia levies a 12 percent import duty on tomato ketchup and mayonnaise, and a 5 percent duty on other sauce and condiment imports
- Prepackaged food product labels should be in Arabic or include an Arabic language translation and must contain the name of the product, name of the packer, country of origin or manufacture, listing of ingredients, consumer instructions, and production/expiry dates.

What emerging market opportunities?

- The Saudi Ministry of Cities issued regulation in mid-2003 that prohibits the use of fresh mayonnaise prepared in restaurants, forcing establishments to purchase packaged mayonnaise.
- Increasing consumer awareness about the percentage of Saudis experiencing high-cholesterol and obesity will improve sales of low-fat mayonnaise and salad dressing.

United Kingdom

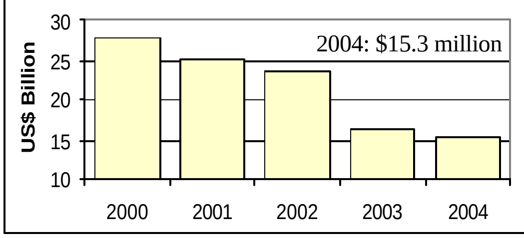
Market size, growth trends

- According to Euromonitor, the retail market for sauces and condiments in the United Kingdom was $1.9 billion in 2004, up $335 million from the previous year.
- According to Global Trade Atlas, the United Kingdom's sauce and condiment imports were valued at $442.9 million in 2004, an increase of 7 percent from 2003.

Key international suppliers to the market - U.S. position

- In 2004, the United States was a minor supplier of sauces and condiments to the United Kingdom (Figure 13) with $15.3 million in exports for 2004.
- The United Kingdom imported $11.7 million in sauces and $3.6 million in condiments from the United States in 2004 according to Global Trade Atlas.
- Other suppliers include Netherlands, Germany, Belgium, Italy and France.

Figure 13: UK Sauce & Condiment Imports from United States, 2000 - 2004



Source: GTA, imports reported by United Kingdom

Product Preferences - quality, packaging, price segmentation

- UK consumers, especially women, showed growing interest in salads as a healthy and low-calorie meal option, generating growth for salad dressings.
- Barbecue sauces, salad dressings and ketchup experience high demand because of a national affinity for outdoor cooking and eating.

Key distribution segments for the product

- According to Euromonitor, most British sauces and condiments, 83 percent, are sold through super- and hypermarkets. The remaining sales are mainly through independent food stores and convenience stores.

Key regulatory and tariff requirements (tariff rates, labeling, registration)

- Sauce and condiment imports are subject to an *ad valorem* tariff to give an effective bound rate of duty of 7 to 11 percent depending on the product category.
- The United Kingdom follows EU policies regarding labeling and ingredient requirements.

What emerging market opportunities?

- Innovations, such as microwavable pastas and new sauce flavors, have allowed pasta sauces to compete with ready-made meals because of their convenience and appeal.
- Low-fat mayonnaise will surpass regular mayonnaise as consumers seek healthier alternatives for sandwich making and for salads.

China/Hong Kong

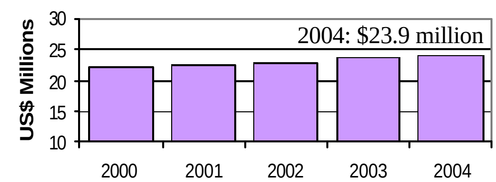
Market size, growth trends

- According to Euromonitor, the retail market for sauces and condiments in China/Hong Kong was $433 million in 2004, up $16.4 million from 2003.
- According to Global Trade Atlas, China/Hong Kong sauce and condiment imports were valued at $269.9 million in 2004, an increase of 11 percent from 2003.
- The sauces category accounted for 76 percent of China/Hong Kong's sauce and condiment imports in 2004.

Key international suppliers to the market - U.S. position

- In 2004, the United States was China/Hong Kong's third largest supplier of sauces and condiments (Figure 14). Other major suppliers were Japan, Taiwan and Thailand.
- China/Hong Kong imported $18.2 million in sauces and $5.7 million in condiments from the United States in 2004 according to Global Trade Atlas.

Figure 14: China/Hong Kong Sauce & Condiment Imports from the United States, 2000 - 2004



Source: GTA

Product Preferences - quality, packaging, price segmentation

- Soy based sauces are a well established product category in China and Hong Kong because of their popularity as an ingredient in most dishes.
- Plastic bags, bottles, barrels and glass bottles with plastic caps have begun to replace the traditional glass bottles as the major packaging type for sauces and condiments.

Key distribution segments for the product

- According to Euromonitor, most China/Hong Kong sauces and condiments, 78 percent, are sold through super- and hypermarkets. The remaining sales are mainly through independent food stores and convenience stores.

Key regulatory and tariff requirements (tariff rates, labeling, registration)

- Sauce and condiment imports to China are subject to an *ad valorem* tariff to give an effective bound rate of duty of 25 to 40 percent depending on the product category.
- Hong Kong has limited land resources and is facing rapid urbanization; therefore it relies heavily upon imports for its food supply. As a result, no duty is placed on sauces and condiments.

What emerging market opportunities?

- Sauces such as ketchup, mayonnaise, salad dressings and pasta sauces have gained exposure and popularity in the Chinese/Hong Kong culture because of the amount of Western restaurants and expatriates in the region.
- Pasta sauce sales have grown as consumers have associated it with being healthy and easy to prepare.

Comparison of Top Markets

- Three factors to consider when evaluating potential export markets include:
  - Size of retail market;
  - Size of existing U.S. export market (access and penetration); and
  - Growth of retail market, including per capita consumption
- Table 1 shows a comparison of per capita sauce and condiment consumption in various markets in 2004. Based on this information, China/Hong Kong have the potential to increase the per capita consumption by volume to reach world per capita consumption levels.

Table 1: Per Capita Sauce and Condiments Consumption, 2004

Country	Retail Value $US/person	Volume kg/person
World	11.3	4.0
Japan	123.2	22.7
United Kingdom	58.0	11.0
Canada	56.3	17.4
China/Hong Kong	17.3	3.9
Mexico	15.5	9.5
Saudi Arabia	11.5	4.0

Source: Euromonitor

Conclusions and Outlook

- Sauce and condiments that garnish the most attention and possess the most appeal in foreign markets tend to have creative or convenient packaging. The innovative packaging attracts the eye of new consumers while the convenience factor appeals to the timesaving efforts of the consumer. Innovative flavor alternatives suit more diverse taste preferences and thereby make these sauces more attractive on a broader scale.
- The countries with the largest, most appealing market for the export of sauces and condiments remain our NAFTA partners, Mexico and Canada. Convenient location and a lack of tariffs on U.S. exports lower export costs to these destinations. A familiarity with American products also helps with consumer receptiveness.
- The Middle Eastern and Pacific Rim countries cited in this report possess the potential to yield high rewards but are more volatile markets as their countries' economies are in a state of flux.
- The approval of a Free Trade Agreement between Australia and the United States strengthens the trade relationship between the two countries and makes Australia a potentially lucrative market due to the elimination of several barriers to trade and because of its size.

Background

The objective of this report is to analyze the global prospects for sauces and condiments in order to identify consumer, product and industry trends that will facilitate U.S. exports. This report is a result of inquiries from small and medium-sized U.S. producers that have requested information on this specialized market. Specifically, the research seeks to assist these firms with their worldwide exporting concerns and endeavors, as well as provide a general overview of the international market for U.S. sauces and condiments.

With the global focus of the culinary arts world recognizing that taste directly affects the desirability of food, sauces and condiments are playing a growing role in recipes and menus. Sauces and condiments are flavorful seasonings or relishes served as accompaniments to food; especially a liquid dressing or topping that adds zest or flavor. Adding an ingredient, or a combination of ingredients, can intensify the existing taste, weaken the existing taste, or completely alter the taste of food.

Definition of Product

The types of sauces and condiments available to the public will vary by country and region but normally include mayonnaise, mustard, soy sauce, tomato ketchup, dressings for salads and sauces/preparations. Other products that some consider to be in this category include: salsa, chutney, pesto, and marinades. However, for the purposes of this report the latter items were not included, as we have no specific export data for these products. A more definitive listing and exhaustive description of American sauces and condiments is available from *The Association for Dressings and Sauces*. Please see **http://www.dressings-sauces.org/condimentcreations_dictionary.html.**

Disclaimer: Statistics herein are not official USDA statistics unless otherwise specifically noted.

Explanation of Trade Data

The countries below were omitted from trade calculations due to the lack of available trade data for the complete review period (1999 – 2004).

Algeria
Costa Rica
Croatia
Ecuador
Guatamala
Morocco
Panama
Romania
Ukraine
Uruguay

Additional information

Harmonized System (HS) codes are used for tracking imports and exports. For the purpose of this report, seven products (as described by the 6-digit HS code) have been grouped under two descriptions.

Harmonized Trade System (HS) Codes of Condiments Used		
Classification	**Product Name**	**6-digit HS Code**
Sauces	Sauces and Preparations	210390
	Mayonnaise	210390
	Salad Dressing	210390
Condiments	Soy Sauce	210310
	Tomato Ketchup	210320
	Tomato Sauce	210320
	Mustard	210330

Source: U.S. Department of Commerce

Source: Global Trade Atlas, differences may not be exact due to rounding

Evolution of Top Export Destinations

- The table below illustrates how the top six U.S. export destinations have evolved. Mexico yielded the only double-digit CAGR during the 1999-2003 review at 14.5 percent. Its largest product category in 2003 was sauces and preparations with 27.4 percent of the market (U.S. $18.6 million). Salad dressing exports improved from $1.4 million in exports in 1999 to $4.9 million in 2003, an increase of 250.1 percent.
- As our other NAFTA partner, Canada reflected the second largest CAGR at 6.2 percent. It has continued to improve following the negative growth posted in 2000, growing by 34.9 percent during the review period. This increase is partially a result of the $10.2 million change (83.1 percent) in the salad dressing product category during this period. However, tomato sauce remains the most popular with $78.1 million in sales (45.2 percent) in 2003.

U.S. Exports of Sauces and Condiments to Top 6 Import Destinations
Destinations by value 1999 - 2003
US$ Millions

		1999	2000	2001	2002	2003	CAGR [99-03]	Total Change 99-03
Canada	US$ Millions	127.885	120.135	132.013	148.996	172.554	6.2%	0.35
	% Growth	--	-6.06	9.89	12.86	15.81		
Mexico	US$ Millions	31.125	45.825	56.349	49.522	52.282	10.9%	0.68
	% Growth	--	47.23	22.97	-12.12	5.57		
Japan	US$ Millions	22.209	30.607	27.461	24.162	24.932	2.3%	0.12
	% Growth	--	37.81	-10.28	-12.01	3.19		
Saudi Arabia	US$ Millions	10.366	12.504	13.114	15.973	16.484	9.7%	0.59
	% Growth	--	20.63	4.88	21.80	3.20		
United Kingdom	US$ Millions	11.733	13.499	15.751	15.061	12.225	0.8%	0.04
	% Growth	--	15.05	16.68	-4.38	-18.83		
China/Hong Kong	US$ Millions	20.208	11.116	12.801	11.584	12.594	-9.0%	-0.38
	% Growth	--	-44.99	15.16	-9.51	8.72		

*CAGR=Compound Annual Growth Rate = ((Current Value/Base Value)^(1/number of years)-1))
Source: U.S. Department of Commerce

Country export and import valuation explanation

Countries use different export and import valuations, depending on the source of data. These differences partially explain why the valuation of trade depends on the analysis perspective.

Country	Export Valuation	Import Valuation	Source of Data
Argentina	F.O.B.	C.I.F.	INDEC – National Institute of Statistics & Census
Australia	F.O.B.	C.V.	Australian Bureau of Statistics
Austria	F.O.B.	C.I.F.	EuroStat
Belgium	F.O.B.	C.I.F.	EuroStat
Brazil	F.O.B.	F.O.B.	SECEX – Foreign Trade Secretariat
Canada	F.O.B.	F.O.B.	Statistics Canada
Chile	F.O.B.	C.I.F.	Chile Customs - Servicio Nacional de Aduana
China	F.O.B.	C.I.F.	China Customs
Colombia	F.O.B.	C.I.F.	DANE – National Administrative Department of Statistics
Cyprus	F.O.B.	C.I.F.	EuroStat
Czech Republic	F.O.B.	C.I.F.	EuroStat
Denmark	F.O.B.	C.I.F.	EuroStat
Estonia	F.O.B.	C.I.F.	EuroStat
Finland	F.O.B.	C.I.F.	EuroStat
France	F.O.B.	C.I.F.	EuroStat
Germany	F.O.B.	C.I.F.	EuroStat
Greece	F.O.B.	C.I.F.	EuroStat
Hong Kong	F.O.B.	C.I.F.	Hong Kong Census & Statistics Department
Hungary	F.O.B.	C.I.F.	EuroStat
Iceland	F.O.B.	F.O.B.	Statistics Iceland
India	F.O.B.	C.I.F.	Ministry of Commerce
Indonesia	F.O.B.	C.I.F.	Statistics Indonesia
Ireland	F.O.B.	C.I.F.	EuroStat
Italy	F.O.B.	C.I.F.	EuroStat
Japan	F.O.B.	C.I.F.	Japan Customs
Latvia	F.O.B.	C.I.F.	EuroStat
Lithuania	F.O.B.	C.I.F.	EuroStat
Luxembourg	F.O.B.	C.I.F.	EuroStat
Malaysia	F.O.B.	C.I.F.	Department of Statistics Malaysia
Malta	F.O.B.	C.I.F.	EuroStat
Mexico	F.O.B.	F.O.B.	Secretary of Economy
Netherlands	F.O.B.	C.I.F.	EuroStat
New Zealand	F.O.B.	V.F.D.	Statistics New Zealand
Norway	F.O.B.	C.I.F.	Statistics Norway
Peru	F.O.B.	C.I.F.	Peru Customs - Super Intedencia Nacional de Aduanas
Philippines	F.O.B.	F.O.B.	Philippines National Statistics Office
Poland	F.O.B.	C.I.F.	EuroStat
Portugal	F.O.B.	C.I.F.	EuroStat
Russia	F.O.B.	C.I.F.	Customs Committee of Russia
Singapore	F.O.B.	C.I.F.	Singapore Customs
Slovakia	F.O.B.	C.I.F.	EuroStat
Slovenia	F.O.B.	C.I.F.	EuroStat
South Africa	F.O.B.	F.O.B.	South African Revenue Service
South Korea	F.O.B.	C.I.F.	Korea Customs Service
Spain	F.O.B.	C.I.F.	EuroStat
Sri Lanka	F.O.B.	C.I.F.	Sri Lanka Customs
Sweden	F.O.B.	C.I.F.	EuroStat
Switzerland	F.O.B.	C.I.F.	Swiss Customs
Taiwan	F.O.B.	C.I.F.	Taiwan Directorate General of Customs
Thailand	F.O.B.	C.I.F.	Thai Customs Department
Turkey	F.O.B.	C.I.F.	State Institute of Statistics
United Kingdom	F.O.B.	C.I.F.	EuroStat
USA	F.A.S.	C.V.	U.S. Department of Commerce, Bureau of Census
Venezuela	F.O.B.	F.O.B.	SENIAT – National Customs & Tax Administration

Value definitions are given on the following page.

Global Trade Atlas provides the following export and import value definitions:

- Custom Import Value (C.V.) – This value is generally defined as the price actually paid or payable for merchandise when sold for exportation, excluding import duties, freight, insurance, and other charges incurred in bringing the merchandise to the importing country.
- Cost, Insurance, and Freight Import Value (C.I.F.) – This value represents the landed value of the merchandise at the first port of arrival in the importing country. It is computed by adding "Import Charges" to the "Customs Value" and therefore excludes import duties.
- Free Along Ship Export Value (F.A.S.) – The value of exports at the seaport, airport, or border, port of export, based on the transaction price, including inland freight, insurance, and other charges incurred in placing the merchandise alongside the carrier at the port of exportation. The value, as defined, excludes the cost of loading the merchandise aboard the exporting carrier and also excludes freight, insurance, and any charges or transportation costs beyond the port of exportation.
- Free On Board (F.O.B.) – A standard reference to the price of merchandise on the border or at a national port. In F.O.B. contracts, the seller is obliged to have the goods packaged and ready for shipment at the place agreed upon, and purchaser agrees to cover all ground transport costs and to assure all risks in the exporting country, together with subsequent transport costs and expenses incurred in loading the goods onto the chosen means of transport.
- Value for Duty (V.F.D.) – Value of imports before the addition of insurance and freight costs. The V.F.D. value equates approximately to F.O.B. value of goods in the exporting country.

Trade Data Comparison

United States Trading Partner	Sauces and Condiments Exports to Partner, reported by U.S. Customs, 2003 ($Million)	Sauces and Condiments Imports from United States, reported by Partner, 2003 ($Million)	Difference between trade reported by United States, Partner ($Million)
Canada	$226.4	$205.7	+$20.7
Mexico	$83.1	$108.9	-$25.8
Japan	$26.7	$30.3	-$3.6
Hong Kong	$13.8	$20.0	-$6.2
Korea, South	$13.6	$12.5	+$1.1
United Kingdom	$12.5	$15.3	-$2.8
Australia	$7.0	$10.3	-$3.3

Sources

- Association for Dressings and Sauces
  Condiment Creations: Condiment Dictionary
  http://www.dressings-sauces.org/condiment_creations_dictionary.html
- U.S. Trade Database
  U.S. Trade Exports - 10-digit HS Codes
  http://www.fas.usda.gov/ustrade/USTExHS10.asp?QI=
- Europa
  "GM Food & Feed – Labelling"
  http://www.europa.eu.int/comm/food/food/biotechnology/gmfood/labelling_en.htm
- World Bank
  "Fruits and Vegetables: Global Trade and Competition in Fresh and Processed Product Markets" by Ndiame Diop and Steven M. Jaffee
  http://siteresources.worldbank.org/intgat/resources/gatchapter13.pdf, November, 2004
- U.S. Census Bureau
  "Mayonnaise, Dressing, and Other Prepared Sauce Manufacturing: 2002"
  http://www.census.gov/prod/ec02/ec0231i311941.pdf
- U.N. Trade Database
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